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A DECADE OF CHANGE: WELFARE POLICY AND PRACTICE IN CONNECTICUT

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A Decade of Change

- Ideas and principles that led to change
- Where we started and where we are today:
review of laws and policies
- Lessons learned – how do we measure
success?
- Where can we go from here?

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Ideas and principles that led to change

- Most people were unsatisfied with the existing AFDC program – including those who were in it.
- Disagreement about the degree to which the existing system was broken, and the causes.

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Ideas and Principles: “*morally constructive welfare reform*”

Some argued that the welfare system created multiple generations of people reliant on welfare and provided insufficient incentive to achieve economic independence.

“...marriage, work, faith, the development of virtue, and controlling the size and cost of welfare.”

– Robert Rector, *Priorities for the President*, Heritage Foundation Report, 2001

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Ideas and principles: *"make work pay"*

Some argued the welfare system itself was not the real problem, but the infrastructure around entry-level work was broken:

- Good wages and benefits
- Childcare
- Affordable housing
- Public transportation
- Affordable healthcare

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Review of Laws and Policies

- Setting the stage: Family Support Act of 1988, sponsored by Sen. Moynihan, reformed the existing AFDC program emphasizing:
 - Job training
 - Childcare assistance
 - Child support enforcement
- CT program: “The Job Connection”

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Review of Laws and Policies

- Further reform began in CT before it began at the national level:
 - 1992: Legislative Task Force to study “restructuring” public assistance programs.
 - Required a federal waiver

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Review of Laws and Policies

P.A. 93-418 “A Fair Chance”

- Removed disincentives to marriage
- Increased asset limits
- Increased child support pass through

Required a waiver

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Review of Laws and Policies

Standard of Need vs. Payment Standard

- “A Fair Chance” (1993) also
 - Increased the calculated “standard of need”
 - But froze the “payment standard” at 1992 levels
- Since then, we have calculated a new “Self-Sufficiency Standard” (the amount of money a family needs to meet basic expenses)...
- *but we have not raised the payment standard since 1992.*

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Review of Laws and Policies

Two years later, in 1995, Connecticut made more sweeping changes – a year ahead of national welfare reform. P.A 95-194, “Reach for Jobs First” included:

- 21 month time limit, the shortest in the nation
- Higher “earnings disregard” (a family could earn up to 100% of the poverty level without losing cash benefits)

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Review of Laws and Policies

- P.A. 95-194, “Reach for Jobs First” included:
 - Reduced cash benefit (e.g. from \$581 to \$543 for family of three; \$500 if receiving housing assistance)
 - Partial “family cap,” i.e. reduced benefit for new child born while mother is receiving assistance

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Review of Laws and Policies

“Work First” philosophy

- Treat all public assistance recipients as “job seekers”
- Invert the service “funnel”
 - First, seek a job;
 - Fail the “job test” (at least 6 mos.), eligible for assessment, services, education or training
 - Most resources allocated to job search assistance, provided by CBO’s under contract
 - Greater role for DOL in welfare program

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Review of Laws and Policies

“Work First” philosophy

“Reach for Jobs First” ended support programs
for recipients enrolled in community
colleges.

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Review of Laws and Policies

Federal welfare reform in 1996 – TANF, Temporary Assistance for Needy Families

- “Ending welfare as we know it” meant:
 - Ending the “entitlement” to assistance and allocating “block grants” to the states;
 - Instituting a lifetime limit of 60 months;
 - Creating “work participation rate” requirements for the states

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Review of Laws and Policies

- The TANF block grant to Connecticut is approximately \$267 million per year.
- The state must spend its own matching funds called “maintenance of effort;” we currently spend approximately \$184 million in “MOE.”

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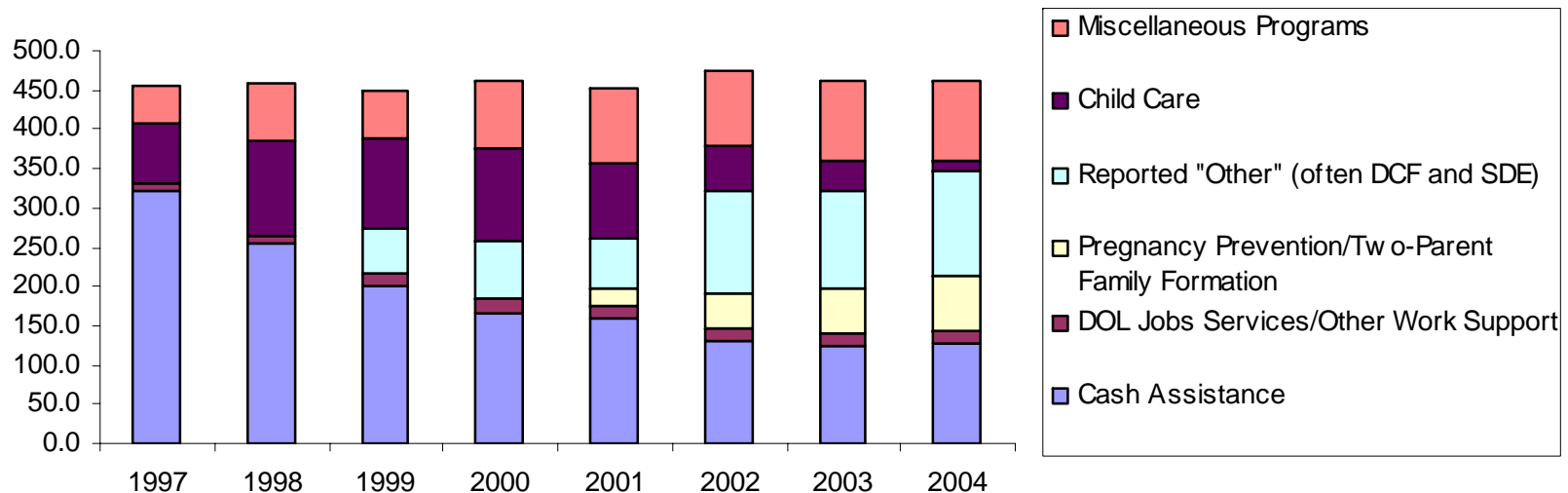
Review of Laws and Policies

- The total amount, **\$451 million**, may be spent on any programs that serve “needy families.”
- Connecticut currently spends approx. \$131 million (28%) of our TANF funds on “other” services of DCF, SDE and other state agencies.

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TANF-MOE Spending by Major Program Area (in millions \$)



Legal Assistance Resource Center of CT

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Review of Laws and Policies

Between 1997 and the present, Connecticut has made changes to our welfare program, Temporary Family Assistance or “TFA,” to accommodate federal requirements or changing conditions:

- Work and education
- Time limits and extensions
- Sanctions and safety net services
- Work Supports: Childcare and Health care

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Work and Education

Federal work participation rates require states to have a defined percentage of employment among those receiving federal benefits, and limit the number who may participate in education and skill training programs

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Work and Education

- The actual rate varies because states, including Connecticut, get “credit” for caseload reductions;
- Connecticut has always met its work participation rate target;
- States may also allow greater participation in education or training if they shift participants to a state funded program.

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Work and Education

- The federal government allows recipients to be “exempt” from work requirements under certain circumstances;
- Approximately 60% of the CT caseload is now exempt from work requirements:
 - Approx. 21,000 families receive cash assistance;
 - Approx. 12,500 were exempt from work requirement;
 - Approx. 8,500 were in the “time limited “Jobs First” program.

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Work and Education

Connecticut's "Jobs First Employment Services," JFES, has been appropriated between \$14 and \$16 million per year (or 4% of the total TANF/MOE funds);

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Work and Education

- \$4.5 mill for case management;
- \$5 mill for job search and placement;
- \$5 mill for special DOL programs and staff;
- Only \$1.6 for education or training (less than 1% of total TANF/MOE funds).

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Work and Education

JFES Time-limited Participants, DOL (9/05)

Employment Plan and Assessment Only	1,486	17%
Educ., Training, Job Search and/or		
Support Activities Only	3,103	37%
Working Only	1,264	15%
Working and Activities	1,559	18%
Previously in activities or working	1,086	13%

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Time Limit and Extensions

- 1995: 21 month time limit
- 1997: DSS could grant 6-month extensions for families who made good faith effort to comply with requirements but still earned less than the benefit level plus \$90
- 2001: limited such extensions to maximum of three, with additional extensions, up to 60 months, permitted for people with severe barriers to employment;
- 2003: reduced the number of extensions to two

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Sanctions and Safety Net

Recipients are subject to sanctions for failure to comply with “Employment Services” requirements:

- 20% benefit reduction for first incident;
- 35% reduction for second incident;
- Termination of benefits for third incident.

Sanctions and Safety Net

DSS must terminate benefits for a family if a recipient

- Fails, without good cause, to attend a scheduled appointment – but must reinstate if the individual attends the rescheduled appointment within 30 days;
- Fails to comply with requirements while in an extension period.

Sanctions and Safety Net

“universal engagement”

DSS is also prohibited from granting TFA benefits until an applicant has attended a scheduled interview and worked on an employment plan (unless any delay was the fault of DSS or DOL).

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Sanctions and Safety Net

- “Safety net” services were created for families who lost or were at risk of losing cash assistance because of sanctions. These services include food, shelter, clothing and some counseling or other services paid through vouchers or contracts – no cash assistance is permitted.
- Families who are playing by the rules but lose cash assistance because of time limits are *not* eligible for safety net services.

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Sanctions and Safety Net

Funding for “safety net” services
reached a high of \$4.4 million in 2002,
but is currently funded at \$1.5 million.

Work Supports: Childcare

- Childcare assistance is available to recipients engaged in approved work and education activities (higher education is still excluded);
- And also for parents who are “transitioning” off TFA assistance;

Work Support: Childcare

- In 2003, the income eligibility for transitional childcare assistance was reduced from 75% of statewide median income to 55%.
- Funding for childcare assistance from TANF/MOE funds has dropped from \$70.5 million in 1997 to \$13 mill in 2004.

Work Supports: Childcare

- Childcare assistance funding also comes from several other sources and also serves low-income working families who have *not* received other public assistance.
- The total funding for “Care4Kids” has dropped from a high of \$120 million in 1997 to \$60 mill in 2005.

Work Supports: Health Care

- Eligibility for health care under Medicaid (HUSKY A) was “de-linked” from eligibility for cash assistance.
- Families with increased earnings or child support could get 24 months of HUSKY A.

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Work Support: Health Care

- In 2005, eligibility for HUSKY A for parents was increased to 150% of poverty.
- “Transitional Medical Assistance,” or TMA, was reduced from 24 months to 12 months for families with earned income who lose family coverage.

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LESSONS LEARNED: HOW DO WE MEASURE SUCCESS?

- Are there fewer families on the caseload?
- Is poverty reduced?
- Are more families economically self-sufficient?

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HOW DO WE MEASURE SUCCESS?

Connecticut spends a total of \$462 million per year (federal funds and state MOE) on assistance to needy families.

What do we expect to achieve with this expenditure of funds?

Are we spending it wisely?

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HOW DO WE MEASURE SUCCESS?

Case load is down. Poverty is unchanged.

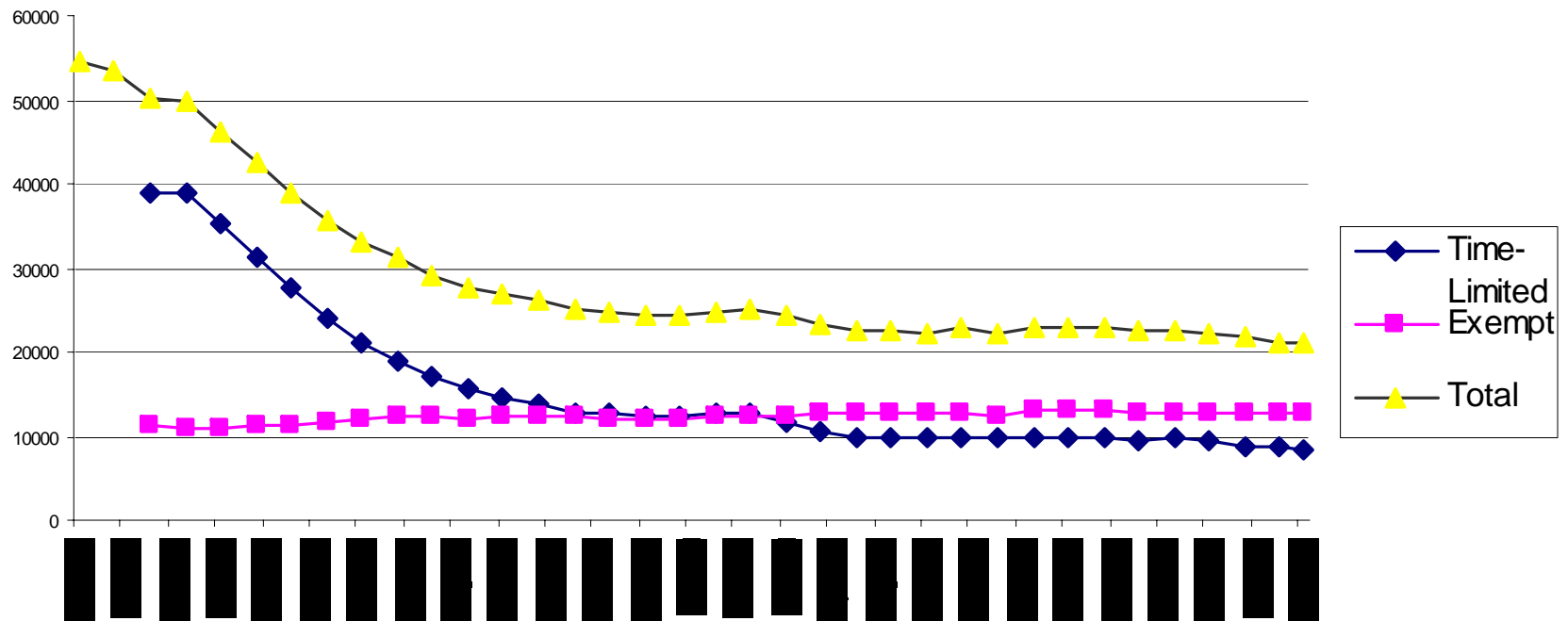
- In less than a decade, since 1996, the number of families receiving cash assistance has dropped by more than half, from 55,844 (8/96) to 20,965 (8/05).
- Less than half of those remaining on the caseload are deemed able to work and are in the time-limited program – about 8,500.

» Legal Assistance Resource Center of CT (LARCC)

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TFA Caseload 1996 - 2005



Legal Assistance Resource Center of CT

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HOW DO WE MEASURE SUCCESS?

But the poverty rate in Connecticut is nearly unchanged during that same time period.

Poverty Rate in CT

1995	9.7%
1996	11.7%
2001	7.3%
2004	10.0%

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How Do We Measure Success?

When time runs out.....

Michelle M. was living in a homeless shelter with her three children. She worked in a school cafeteria, but did not earn enough for an apartment. Her husband had had 4 heart attacks. She used to have an apartment with federal assistance, but her father came to live with them, and they lost their assistance because he had a criminal record. Michelle lost her TFA benefits after the time limits ran out.

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When time runs out....

Homelessness still rising

- In 1996/1997, people were turned away 10,671 times because shelters were full;
- In 2003/2004, people were turned away 37,180 because shelters were full – three times more often.
 - » Partnership for Strong Communities

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When time runs out....

- The total Connecticut prison population has risen dramatically since 1990:

	1990	2005
Total # incarcerated	9,489	18,150

- And the female population has nearly tripled:

Women incarcerated	595	1,416
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When time runs out....

- In 1996-1998, 8.8% of CT households were “food insecure” (USDA);
- In 2005, 8.6% of CT households were “food insecure”
 - » End HungerCT!

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HOW DO WE MEASURE SUCCESS?

“Poverty despite work”

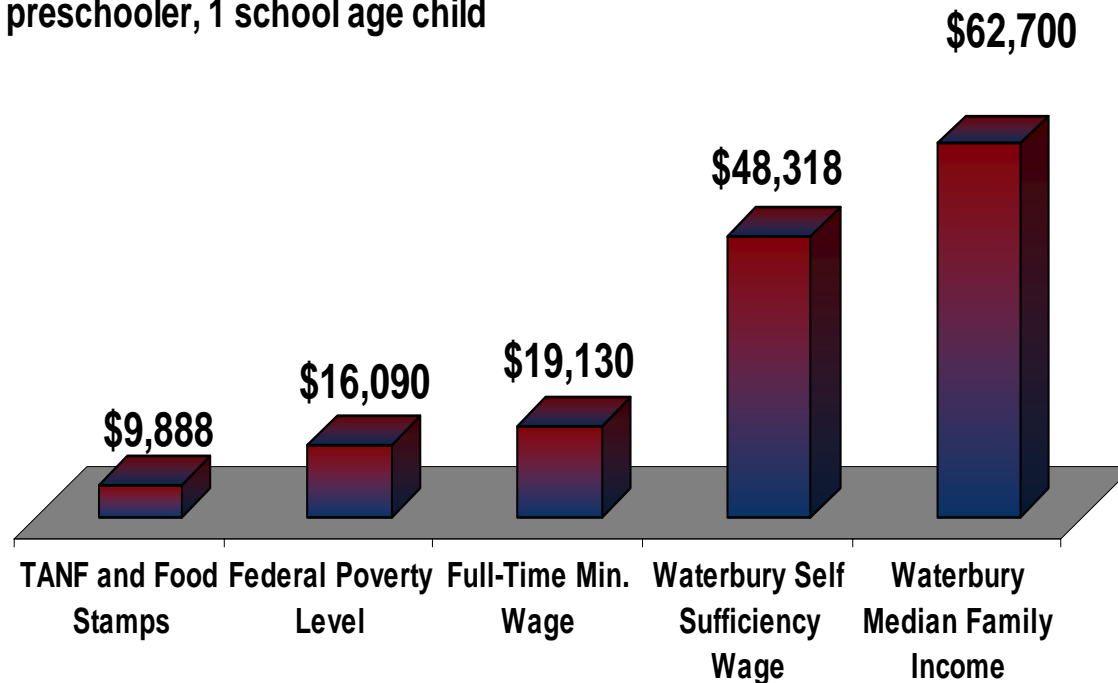
“Jobs First” does not alleviate poverty because working – even full-time – at entry level wages without work supports is not enough.

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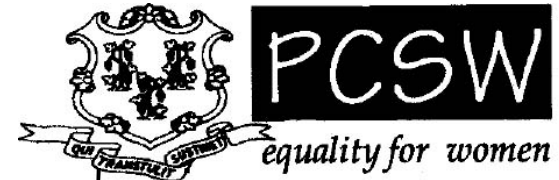


Poverty Despite Work

1 adult, 1 preschooler, 1 school age child



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How much is enough in Connecticut?

Self-Sufficiency Standard -- 1 adult, 1 preschooler and 1 school age child in 5 regions:

■ City of Hartford	\$21.13/hr	\$44,628/yr
■ Northeast Corner	\$20.17/hr	\$42,597/yr
■ Greater New Haven	\$25.10/hr	\$53,007/yr
■ Stamford	\$29.07/hr	\$61,394/yr
■ Greater Danbury	\$27.56/hr	\$58,202/yr

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The poor are getting poorer...

- Connecticut is one of only two states in which the incomes of families in the poorest fifth actually declined between 1991 and 2002.
- The gap between rich and poor families in our state is widening at a greater rate than in nearly all other states. The income of the wealthiest fifth of CT families was 6.9 times the income of the poorest fifth in 2002 – it was 5.2 times in 1991.
 - » CT Voices for Children

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Where can we go from here?

- Help families achieve economic self-sufficiency
 - increase wages and benefits
 - strengthen work supports, the infrastructure around low-wage work – childcare, health care, affordable housing and public transportation

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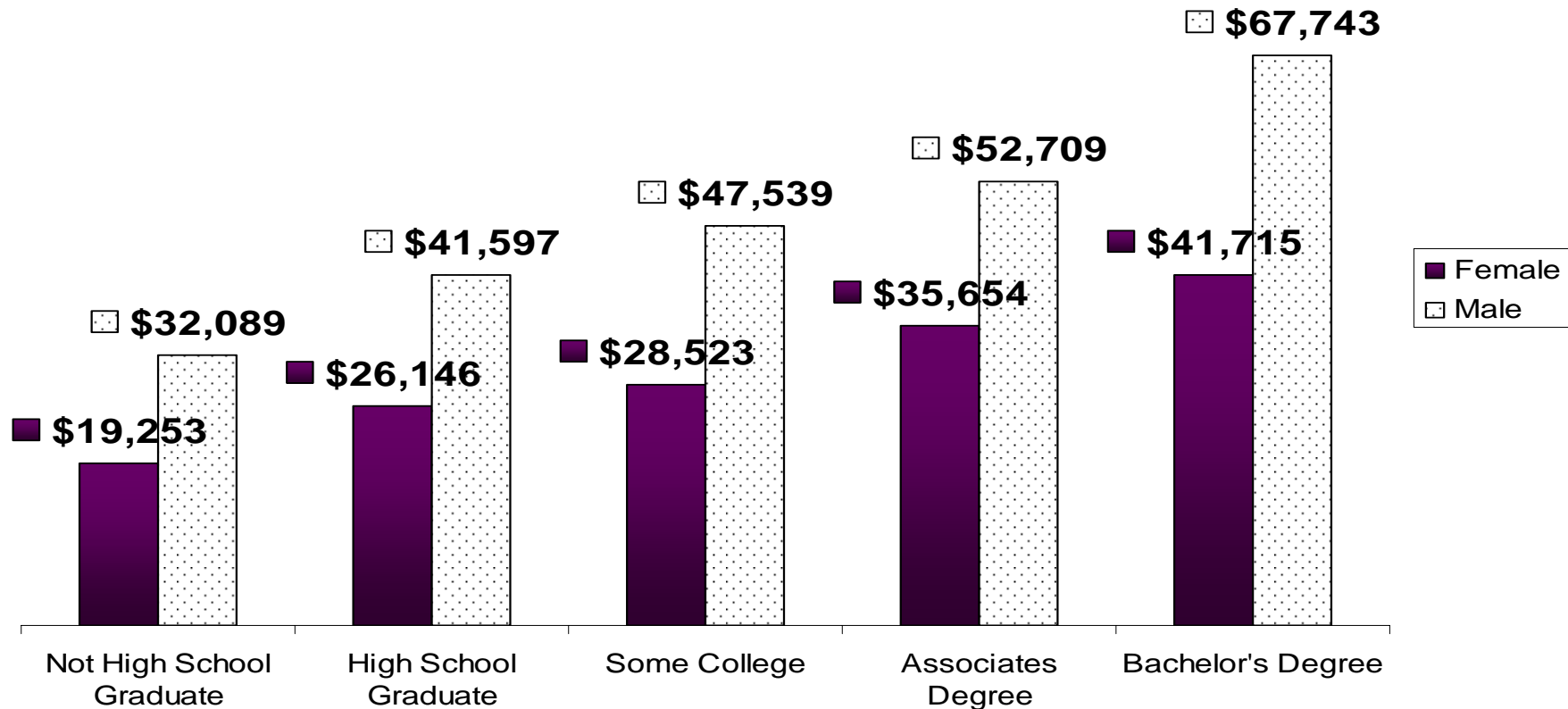
Where can we go from here?

- Give people the skills to succeed – fund and enhance education and training.
- Give people enough time to succeed – allow people who need more time to remain eligible for up to 60 months.

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Impact of education on earnings, CT



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Where do we go from here?

Education and job training works best when it is combined with work opportunities and includes supports such as childcare.

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Where do we go from here?

- More than a third of those who are in the JFES time-limited program lack a high school diploma;
- We need to provide adult basic education – and allow enough time for learners to learn.

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Where do we go from here?

“While many former welfare recipients now rely more on their own earnings than on welfare, they often work at low-wage jobs, sometimes with limited benefits and few opportunities for advancement. Some former recipients return to welfare rolls when they leave or lose jobs or struggle to keep child care, transportation, health and other work supports in place.”

December, 2005 report issued by the U.S. Government Accountability Office (GAO)

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A decade of change

- We have changed the welfare system in Connecticut and across the country
- But we have not significantly changed the lives of families living in poverty.

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A Time for Change

We are investing a significant amount of money - we need to invest it in ways that reduce poverty and lift up families.

- Work supports – childcare and health care
- Education and training
- Public transportation
- Affordable housing
- Enough time to achieve economic self-sufficiency